IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

Income Tax Application No. 418 of 1999
The Commissioner of Income-tax, Mumbai .. Applicant
V/s.
M/s. Port Investment Co.
P. Ltd., Mumbai .. Respondent

Dr. P. Daniel for the Applicant
None present for the Respondent

CORAM : S. RADHAKRISHNAN &
J.H. BHATIA, JJ.
DATED : 04.07.2005.

P.C.:-

1. Heard the learned counsel for the Applicant. In the above, the following substantial question of law is sought to be raised:-

> "Whether the Hon'ble ITAT was right in the circumstances of the case and in law in deciding that the interest on borrowed funds for earning the dividend income should be allowed as business expenditure u/s. 36(1)(iii) although the dividend income is separately computed under the head "income from other sources" and is assessed under sec. 56(2)(i) of the I.T. Act?"

2. We have perused Section 36(1)(iii) of the Income Tax Act, The Tribunal has given a clear finding that interest payment with regard to the loan obtained for the purpose of purchase of shares is allowable as deduction. In view of the clear language of Section 36(1)(iii) of the Income Tax Act, we do not find any substantial question of law involved in the above, Application stands dismissed.

(S. RADHAKRISHNAN, J.)

(J.H. BHATIA, J.)